

# 2012 Budget Presentation

## Monday, July 18, 2011

### 6:30 PM



**IT'S CLEARLY A  
BUDGET, IT'S GOT A LOT  
OF NUMBERS IN IT!**





## STURGIS CITY COUNCIL

Mayor, Mark Carstensen

President, Clint Brengle (Ward 3)

Vice President – Tim Potts (Ward 4)

Ward 1 – Kelly Vasknetz

Ward 1 – Joe DesJarlais

Ward 2 – David Hersrud

Ward 2 - Marcia Johnston

Ward 3 – Jamie McVay

Ward 4- Dane Sundstrom

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Fay Bueno – Finance Officer



#### AGENDA

- I. The budget brings it all together and takes us down the right path
- II. Top priorities
- III. Budget environment
- IV. Cost drives - expenses
- V. Revenues – key assumptions
- VI. Organization Chart and resource summary
- VII. General fund revenues, expenses and the City property tax rate and history
- VIII. Where the money comes from and where it goes and Capital Improvement Plan
- IX. Total budget summary
- X. Timeline and next steps

# The Budget Brings It All Together



- Policy Plan – Expression of priorities of the Council and the community (Future Sturgis)
- Operational Plan – Action plan to accomplish Council and community priorities
- Financial Plan – Manage, allocate and account for distribution of limited resources
- Strategic Plan – Road map for the Future Sturgis – “how do we get there”

# Top Priorities



- **Reflects Council Goals and Priorities**
- **Safeguard Essential Core Services**
- **City Property Tax Rate Reduction with a Balanced Budget – No Structural Deficit**
- **Economic Development Fund – Grow Retail Base**
- **No Reduction in Service Levels – Providing more services and reduced costs compared to 2008**
- **Control Spending, Maintain A+ Credit, Pay down Community Center, Fire Hall and Library debt**

# Budget Environment



- **Current budget on tract at 40.77% in the General Fund and 43.20% in total budget 50% through 2011**
- **Proposed budget reflects a fiscally conservative approach – staffing and operating costs at similar levels to FY 2011 budget with .003 % increase in General fund – total budget up 3% compared to 2011 budget.**

# Cost Drivers - Expenses



- **Expenses are based on use of “zero based” budgeting methods and actual expenses - not what was budgeted in 2011 - City staff team has sharpened focus, and re-examined items large and small. Asked all Department Heads to stay within 5% or below 2011 budget.**
- **Rising healthcare costs – planning for 20%+?**
- **Employee costs – 3% Annual adjustment via Collective Bargain Agreements**

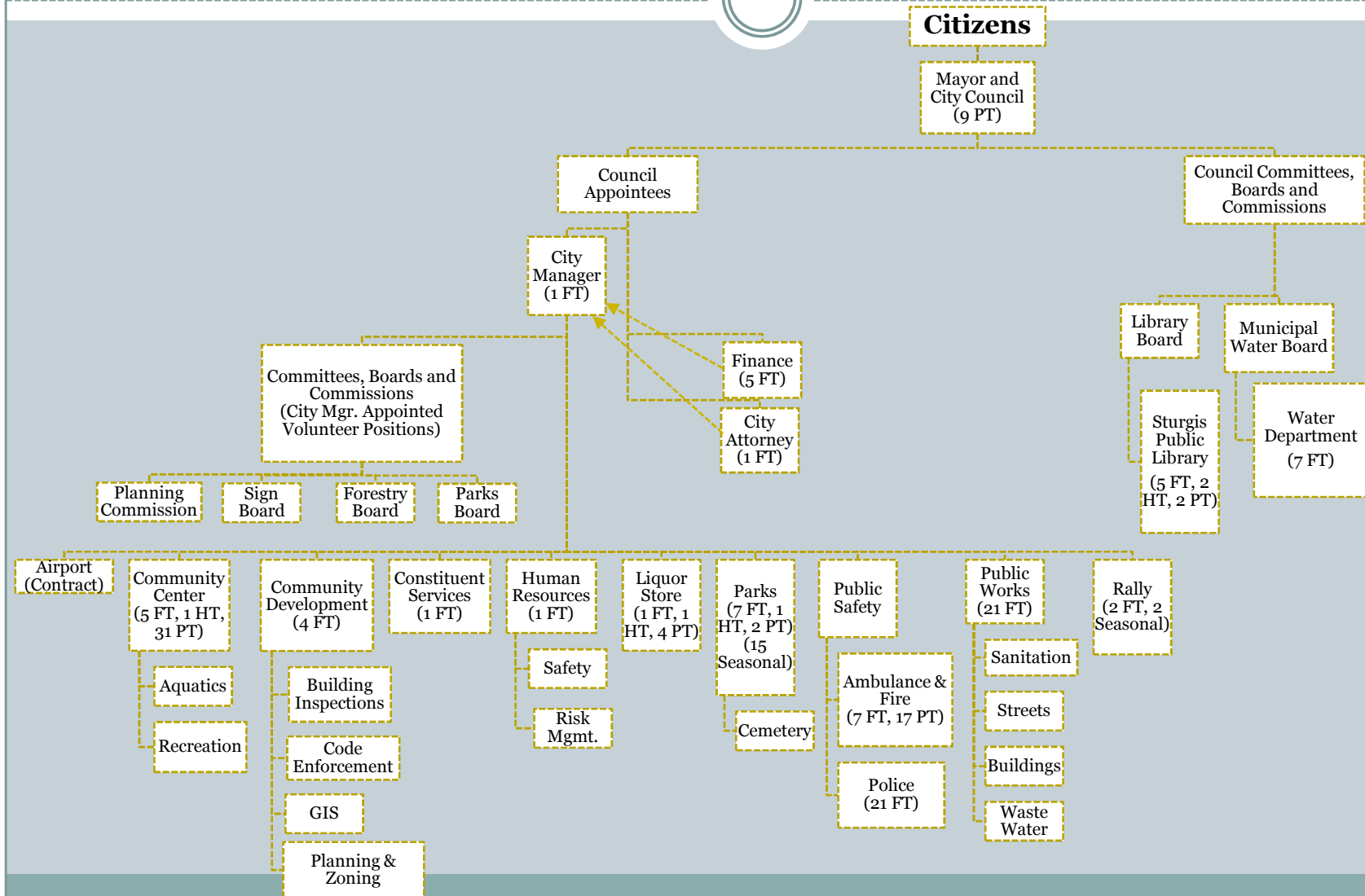
# Key Revenue Assumptions



- **City Property Tax – CPI 2.1% with growth of .047%. An overall increase projected of 2.5%. Mill levy should stay the same or a slight decrease.**
- **The assessed valuation \$352,908,126 for 2011 payable in 2012.**
- **Sales Tax – 3.5% growth based on 2010 actual on the 2<sup>nd</sup> cent and a reduction of .008 on the Gross receipts sales tax based on 2011 budget figure.**
- **No increases in Sewer or Sanitation rates**
- **Leveraging Enterprise Funds to stabilize budget, reduce reliance on property taxes.**



# Organization Overview



# Resources Summary



- **Budget**
  - General Fund of \$7,220,429
  - Total Budget of \$15,501,727 (less transfers)
- **Staffing Levels**
  - 156 Employees
  - 90 Full Time Employees / 66 Part Time Employees
- **Assets as of December, 2010**
  - Total Assets:       \$58,638,155
  - Total Liabilities: \$9,186,336
  - Net Assets:         \$49,451,819

# General Fund Revenues 1



City of Sturgis						
Projected Income		Percentage			Actual	Actual
2011 Budget		Change	Budgeted	Budgeted	YE	YE
	General Fund #101	2012-2011	2012	2011	2010	2009
3111	Current Year Property Taxes (.007979)	0.025	2,624,404	2,560,394	2,542,131	2,431,066
3116	Prior Year Property Taxes	-0.278	65,000	90,000	62,079	44,604
3117	Mobile Home Taxes	-0.412	6,500	11,062	5,793	5,913
3114	Utility Property Taxes	1.511	35,000	13,940	35,030	42,653
3130	General Sales & Use Tax	0.075	1,421,836	1,322,781	1,373,754	1,239,983
3150	Amusement Tax	-0.057	792	840	864	684
3191	Penalty & Interest	0.159	10,301	8,888	12,445	9,911
3231	Electrical License	-0.339	1,255	1,900	1,050	540
3232	Plumbing License	-0.214	1,358	1,729	935	905
3235	Building & Structure Moving		-	83	-	125
3236	Contractor's License	0.094	7,147	6,531	8,900	7,615
3238	Excavator's License	-0.398	1,227	2,039	725	575
3239	Sub-Contractor License	-0.282	3,350	4,664	1,700	1,750
3241	Beer License (23 on, 11 off)	0.096	4,687	4,278	5,125	4,600
3240	Business License (2013)					
3242	Liquor License (8 liquor on, 1 liquor off, 4 wine)	0.039	19,141	18,418	17,653	19,705
3250	Transient Merchant License	-0.343	251,807	383,556	261,945	241,150

# General Fund Revenues 2



City of Sturgis						
Projected Income		Percentage			Actual	Actual
2011 Budget		Change	Budgeted	Budgeted	YE	YE
	General Fund #101	2012-2011	2012	2011	2010	2009
3251	Vendor Fine/Relocation Fees		8,000		11,560	
3261	Building Permits	-0.101	40,265	44,812	37,074	34,877
3262	Excavating Permits	0.212	1,333	1,100	2,525	875
3265	Structure Movers Permit	-0.513	25	51	21	-
3266	Sidewalk Permit	0.333	117	88	175	125
3267	Demolition Permit	-0.422	108	188	150	25
3270	Franchise Fee	0.023	36,057	35,232	38,880	37,290
3310	Federal Grants	-0.597	15,000	37,248	17,981	19,120
3340	State Grants		-	21,165	-	9,517
3351	Bank Franchise Tax	-0.056	9,862	10,442	5,964	14,376
3353	Liquor Tax Reversion	0.034	36,410	35,203	40,940	38,531
3354	Motor Vehicle Licenses	-0.019	50,142	51,102	49,296	53,857
3358	Local Govt Hwy & Bridge	0.214	89,004	73,317	94,865	89,514
3360	State Payment in Lieu of Taxes		3,000		3,330	
3382	County Hwy & Bridge	0.000	5,855	5,855	5,855	5,855
3384	Port of Entry	0.004	12,190	12,140	12,338	12,306
3390	County Pmts in Lieu of Taxes	-0.001	8,000	8,007	2,698	2,713
33809	Hwy & Bridge Interest		-		-	-

# General Fund Revenues 3



City of Sturgis						
Projected Income		Percentage			Actual	Actual
2011 Budget		Change	Budgeted	Budgeted	YE	YE
	General Fund #101	2012-2011	2012	2011	2010	2009
3384	Port of Entry	0.004	12,190	12,140	12,338	12,306
3390	County Pmts in Lieu of Taxes	-0.001	8,000	8,007	2,698	2,713
33809	Hwy & Bridge Interest		-		-	-
34110	Rally Rentals	-0.146	219,848	257,500	190,905	186,780
34111	Rally Sponsorship includes Mayor's Ride	0.111	542,631	488,250	349,556	342,276
34113	Rally Information Booths	-0.033	13,011	13,454	14,397	12,856
34114	Rally Other includes Mayor's Ride	1.722	25,522	9,375	12,459	2,718
34115	Rally Parking	-0.117	5,229	5,923	6,036	5,384
34118	Rally Advertising Sales Magazine/JumboTron	-0.064	132,913	142,000	132,913	105,978
34119	Photo Tower Revenue	-0.007	21,081	21,226	20,793	20,415
34120	Rally Website Sales	-0.065	6,712	7,176	5,784	4,282
3411	Zoning & Subdivision	-0.220	1,033	1,325	1,300	400
3412	Sales of Maps & Publications	-0.481	35	68	-	50
3413	Plat Fees	2.098	1,108	358	1,500	715
3414	Sale of Cemetery Lots	-0.047	7,667	8,046	4,117	8,983
3415	Grave Digging Charges	-0.012	9,003	9,111	6,905	10,514
3416	ATM Revenue		100		135	
3417	Photo copies	-0.407	57	97	39	41

# General Fund Revenues 4



City of Sturgis						
Projected Income		Percentage			Actual	Actual
2011 Budget		Change	Budgeted	Budgeted	YE	YE
	General Fund #101	2012-2011	2012	2011	2010	2009
3418	Video Lottery Machines	-0.126	4,150	4,750	3,900	4,300
3419	Other General Govt	0.093	15,422	14,108	15,833	14,269
3422	Code Enforcement		275		275	
34150	Accounting Services	0.021	32,400	31,725	32,400	31,725
3421	Special Police Service (Meade Co.)		-			
3429	Other Public Safety-Meade Co. DARE	-0.197	38,697	48,209	38,757	38,638
3439	Other Streets	-0.247	1,991	2,644	685	1,516
3452	Animal Control	-0.106	877	981	669	299
3453	Animal Adoption Fee	-0.293	216	305	127	305
3461	Program Fees	-0.013	38,255	38,754	41,576	38,754
3462	Swimming Pool Fees		-	11,303	0	144
3463	Recreation Program Fees	-0.053	31,467	33,231	33,041	33,231
3464	Concessions	-0.130	38,939	44,775	40,201	37,084
3465	Center Use	0.007	3,711	3,685	2,499	3,944
3466	Auditorium Use Rent		665		600	270
3468	CC Membership Fees	-0.100	100,303	111,411	91,604	96,248
3469	Other Recreation/Culture	-0.255	1,889	2,536	1,776	1,529

# General Fund Revenues 5



City of Sturgis						
Projected Income		Percentage			Actual	Actual
2011 Budget		Change	Budgeted	Budgeted	YE	YE
	General Fund #101	2012-2011	2012	2011	2010	2009
3620	Rentals-CC	0.052	15,896	15,105	16,687	15,105
34643	Aquatics Resale	-0.351	426	657	439	473
34645	Softball Concessions	-0.142	2,406	2,803	2,408	2,758
34646	Fun & Fitness	0.202	10,835	9,016	14,475	12,793
34699	Library - County/School	0.014	66,382	65,457	79,129	102,769
3495	Sale of Bricks		31,790			
3510	Court Fines & Forfeits	-0.446	1,794	3,237	1,691	2,624
3610	Interest Earned	-0.831	2,233	13,220	1,794	2,672
3620	Rentals(moved to Rentals CC)		-		50	-
3621	Airport Hangar Lease	-0.126	3,579	4,097	4,017	3,673
3631	Prinicpal (1996 Paving)	-0.422	5,265	9,104	5,265	5,035
3632	Interest (1996 Paving)	-0.642	700	1,955	687	1,482
3530	Parking fines	-0.501	1,700	3,406	1,625	2,819
3660	Gain on Sale of Fixed Assets		-			
3670	Contribution Private Source	-0.223	7,722	9,940	7,818	7,625
3673	Parks Shelter Donations	-0.133	1,300	1,500		
3674	Animal Shelter Donations	1.015	2,000	993	11,053	1,857

# General Fund Revenues 6



City of Sturgis						
Projected Income		Percentage			Actual	Actual
2012 Budget		Change	Budgeted	Budgeted	YE	YE
	General Fund #101	2012-2011	2012	2011	2010	2009
3690	Other Misc Revenue	-0.335	1,552	2,333	1,506	1,850
3911	Operating Transfers In - Liquor Dividend	0.085	207,080	190,810	212,271	257,442
	Operating Transfer In - Wastewater Dividend	0.197	300,000	250,697	121,354	
	Operating Transfers In - Sanitation Dividend	-0.1951	180,000	223,643	237,044	
	Operating Transfers In - Water Dividend			-		
3913	Sales of General Fixed		-	9,756	34,827	4,627
3914	Compensation for Loss		-		13,678	173,334
	Cash On Hand - 4%	0.078	313,392	290,695		
			7,220,429	\$7,187,794	\$ 6,472,380	5,973,346



# General Fund Expenses 1



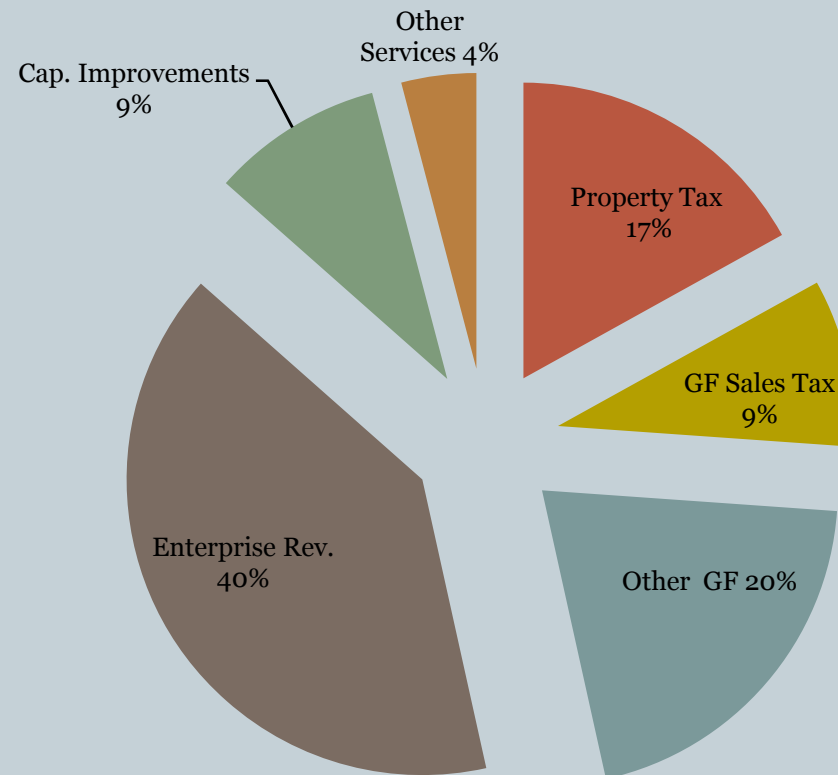
City of Sturgis	Percentage			Actual	Actual
2012 Budget	Change	Budgeted	Budgeted	YE	YE
General Fund - Total Expenses	2012-2011	2012	2011	2010	2009
0 Parks Dept Transfer Out Eliminated					542,655
4111 Mayor & Council	-25%	298,413	398,208	203,589	202,859
4141 Attorney	2%	101,665	99,721	81,604	73,075
4142 Finance	5%	351,222	333,090	331,339	310,484
4143 Human Resources	5%	76,479	72,497	68,407	61,061
4144 City Manager	2%	193,523	188,995	179,804	172,041
4145 Information Technology		62,854			
4147 Insurance	10%	285,881	259,513	225,938	207,039
4192 Buildings	4%	207,616	199,962	176,798	157,760
4195 Economic Development Fund		-	250,000	115,472	
4196 Community Development	-6%	225,866	239,407	186,924	139,090
4198 Sponsorship	5%	450,353	427,473	381,703	271,255
4199 Rally /Brick Project/Mayor's Ride	30%	326,676	250,579	306,315	335,258
4211 Police	4%	1,761,869	1,688,379	1,612,777	1,584,470
4218 Dispatch	13%	70,000	62,110	107,073	197,805

# General Fund Expense 2

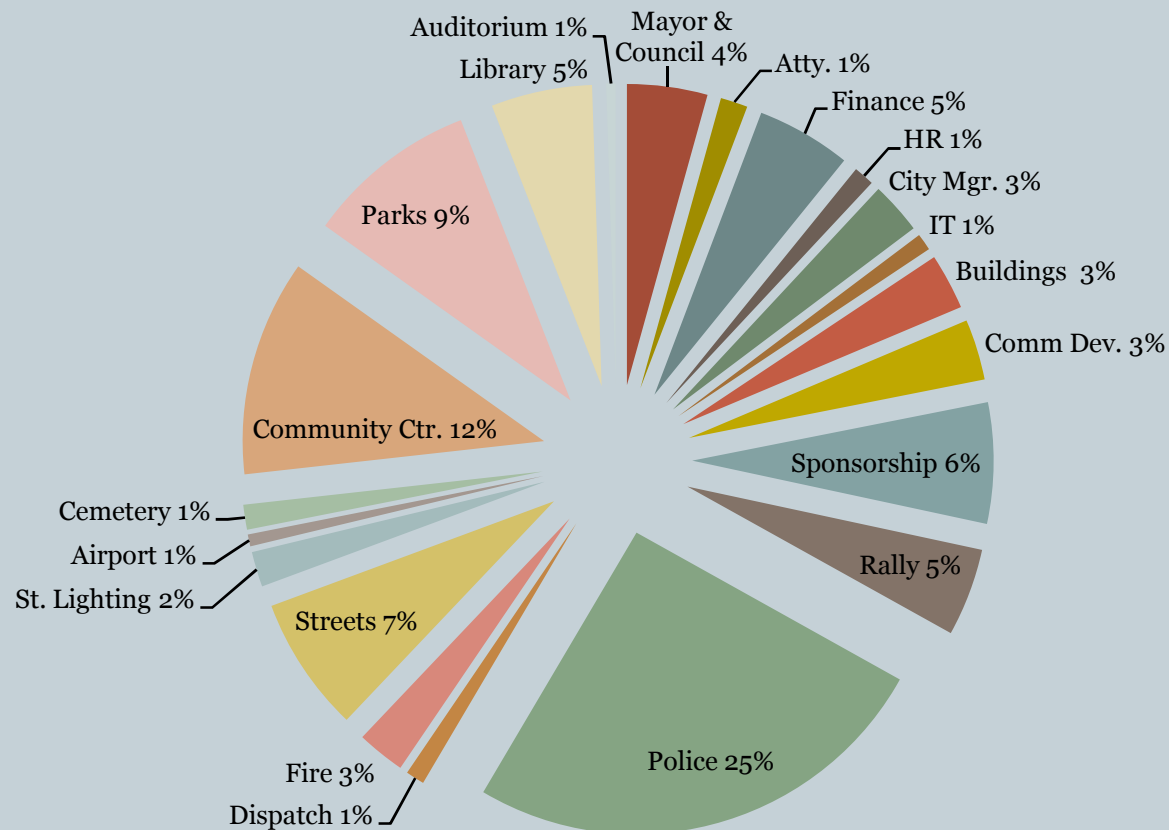


City of Sturgis	Percentage			Actual	Actual
2012 Budget	Change	Budgeted	Budgeted	YE	YE
General Fund - Total Expenses	2012-2011	2012	2011	2010	2009
4312 Snow Removal					44,349
4316 Street Lighting	0%	130,697	130,697	128,310	118,685
4322 Street Cleaning					53,196
4350 Airport	8%	44,991	41,671	38,103	75,167
4370 Cemetery	4%	92,447	88,803	66,593	68,543
4413 West Nile-put in Parks in 2012			2,800	435	0
4511 Community Center	5%	805,120	769,355	743,606	702,503
4520 Parks	4%	639,396	617,562	532,376	16,925
4551 Library	4%	376,141	362,652	328,132	353,471
4560 Auditorium	3%	35,568	34,425	34,594	31,300
Total General Fund		7,220,429	\$7,187,794	6,475,732	\$6,261,436
		\$32,635.06			
Increase Over FY 2011		0.5%	3%		

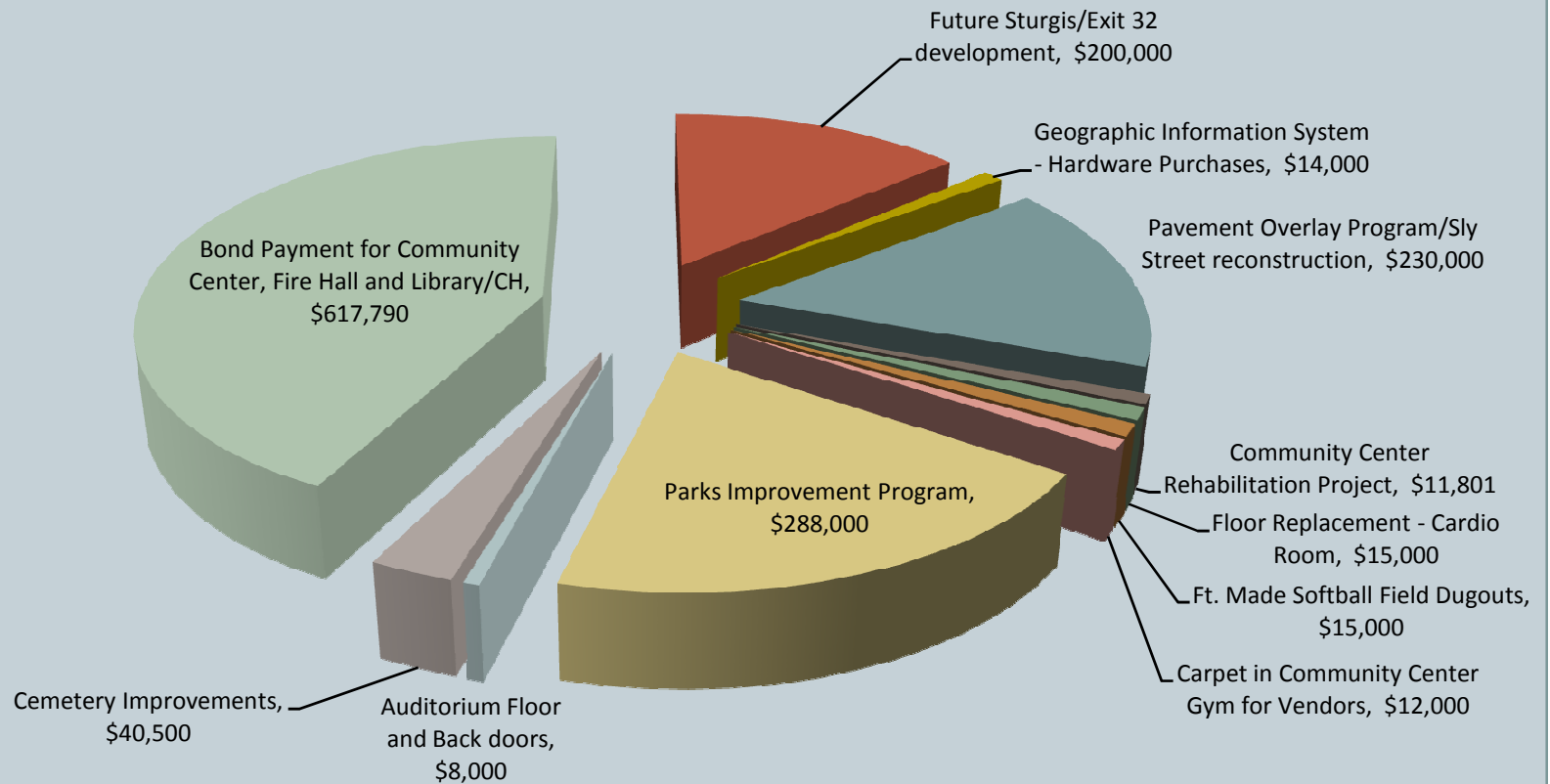
# Where the General Fund Money Comes From



# Where the General Fund Money Goes



# Capital Improvements Plan



# Total Budget Summary 1



Fund	Dept.	Description		2012	2011	2010
*Transfers out filtered out						
101	101	General Fund	0%	\$7,183,429	\$7,150,794	\$6,382,454
201	4520	Parks (now in General Fund)		\$0		\$542,277
202		Brick Project(now in General Fund)		\$0	\$37,500	\$37,500
206		Library Building		\$0	\$14,350	\$25,000
207		Ambulance	31%	\$763,645	\$582,091	\$555,129
208		Mayor's Ride (now in General Fund)		\$0	\$45,000	\$57,300
211		Special Sales Tax	-8%	\$251,000	\$273,500	\$267,201
212		Capital Improvements	8%	\$1,452,091	\$1,350,268	\$1,342,562
214		Bike Path (no longer a fund)		\$0	\$0	\$245,265
215		Special Sanitation (now in Sanitation Fund)		\$0	\$127,377	\$145,502
218		Revolving Loan Fund/UDAG	4%	\$292,482	\$281,504	\$282,982
230		Watershed (now in General Fund)		\$0	\$3,000	\$5,000
273	4211	Citizens Corp - Grant (not a fund)		\$0	\$0	\$0
275		UDAG ( now in Revolving Loan Fund)		\$0	\$0	\$0
303		GO Bond Series 2002*Paid in Wastewater		\$0	\$0	
308		2010 Sales Tax Rev. Bond Paid in CIF		\$0	\$0	
324		TIF 6 - Lynn's		\$0	\$0	Paid off in June 09
325		TIF 7 - Legner's		\$0	Paid off in 2010	\$135,000
326		TIF 8 - Allison II		\$0	\$0	Paid off in 08
327		TIF 9 - Palisades	-40%	\$50,000	\$84,000	\$50,000

# Total Budget Summary 2



401	Perpetual Maintenance	-8%	\$4,440	\$4,800	\$13,000
402	Alice Wiggins Dunn Trust	-5%	\$15,200	\$16,080	\$15,200
508	Community Projects(no longer a fund)		\$0	\$0	Paid in CIF Budget
601	4990 Liquor	10%	\$2,014,198	\$1,832,877	\$1,565,751
602	4330 Water	-1%	\$1,408,953	\$1,424,612	\$1,159,674
604	4325 Wastewater	14%	\$930,945	\$814,209	\$1,050,017
612	4323 Sanitation/Special Sanitation	15%	\$1,077,415	\$937,852	\$787,376
704	4211 DARE (no longer a fund)		\$0	\$3,000	\$2,500
705	0000 Sewer Bond	-4%	\$57,928	\$60,220	\$62,512
717	0000 CC Children's Fund (no longer a fund)		\$0	\$500	\$500

Grand Total	\$15,501,727	\$15,043,534	\$14,729,699
Reduction Vs. 2011	3.0%	2.1%	
Since 2008	3.6%	-2%	

2011 Budget Summary	% of Total	2012 Budget	2011 Budget	% of Total
Property Tax	17%	\$2,624,404	\$ 2,560,394	17%
General Fund Sales Tax	9%	\$1,421,836	\$ 1,322,781	9%
Other General Funds	20%	\$3,174,189	\$ 3,304,619	22%
Enterprise Revenue	40%	\$6,195,157	\$ 5,801,518	39%
Capital Improvements	9%	\$1,452,091	\$ 1,350,268	9%
Other Services	4%	\$634,051	\$ 703,954	5%
Total	100%	\$15,501,727	\$ 15,043,534	100%

# Getting Results



- The Budget is the expression of the Council Goals and direction that Council provided and that the community validated through Future Sturgis.
- We have a City staff of dedicated professionals.
- The results we deliver and the feedback we receive from the community we serve are evidence of the pride we all take in our work.
- 80% of Annual Report Survey Respondents say the City is “Doing A Good Job”.





# Timeline Next Steps



- Public Hearing to solicit community input- 7/18
- Public Review and comment period 7/18 to 8/5
- Council review from 7/18 to 8/15
- First reading of Final Budget 8/15
- Adoption by September 6, 2011

## Thank you